

East AFRITAC

Fiscal Year 2006-07

Annual Report



East AFRITAC
INTERNATIONAL MONETARY FUND
REGIONAL TECHNICAL
ASSISTANCE CENTER



Statement by the Chairperson of the East AFRITAC Steering Committee

In the last decade, development partners and developing countries have focused their collective efforts on reducing poverty. The same period has also seen progress towards joint strategy setting and coordinated implementation. The Millennium Development Goals (MDGs) and instruments, such as national poverty-reducing strategies, operate at the core of this common purpose.

Equally shared is the realization that institutions and the capacity of states matter hugely if these goals are to be reached. Without government capacity to develop and implement sound macroeconomic, monetary, and fiscal policy, the stable environment, within which economic and social transformation can take place, will remain an aspiration. Without capacity to manage internal and external resources towards better public services, the MDGs will not be achieved and sustained. Without capacity to regulate and oversee the financial sector, our economies would not be able to participate in the world economy. Without capacity to produce accurate and timely economic and financial data, our leaders would not be able to take appropriate decisions. It is in these areas that the East AFRITAC, and its sister institutions, have provided an invaluable service.

Since its inception in 2002, the East AFRITAC has made a significant contribution to the capacity of member countries in East Africa to develop and improve the necessary institutions for good economic governance. It has succeeded in establishing a pool of resident and peripatetic advisors in public financial management, revenue policy and administration, banking supervision, monetary operations, economic statistics, and macroeconomic forecasting who are able to draw on international experience while understanding local context. The Center's relationship with the International Monetary Fund has also provided ready access to relevant world-wide expertise. All this has been made possible by the continued and generous grants from the Center's 19 donors, of which two are from our own membership.

The availability of good advisors however is not sufficient to build capacity. Our countries' development history is interspersed with tales of potentially good advice gone cold because the advice was not fully owned locally. The East AFRITAC has been successful in responding to member countries' needs, and in working with local teams to a pace set by the local circumstance for reforms.

As the Steering Committee, we are therefore pleased with the results of another year of work, as set out in this annual report. It builds on the platform established by the previous five years. The many robust results achieved remain signals of progress in our member countries towards a sound architecture for economic management on the back of successful support by the Center.

We wish the Center a Happy Fifth Anniversary and an equally rewarding FY 2007–08.



Consolata Rusagara, Deputy Governor, National Bank of Rwanda
Chairperson of the East AFRITAC Steering Committee



Foreword by the Center Coordinator

This Annual Report gives account of the work undertaken and results achieved for the 2006–07 fiscal year. The year has seen significant progress in most of our member countries across our work areas. It has also seen the addition of an active program of work for Malawi—which joined the East AFRITAC as its seventh member—and the introduction of a new mode of technical assistance. More recently there was a change of leadership at the Center.



The achievements of the East AFRITAC in 2006–07 are in line with the results from the 2004 independent mid-term evaluation of the East and West AFRITACs. That evaluation showed that the technical assistance centers were effective delivery vehicles for capacity building and that they had achieved their objectives for the most part. Accordingly, highlights of the last financial year include:

- The successful delivery of support for budget reform initiatives in Ethiopia, Kenya, and Malawi; legal and regulatory reforms in Kenya and Rwanda; cash-management reforms in Kenya, Malawi, Rwanda, and Tanzania; and strengthened intergovernmental fiscal relations in Rwanda.
- The integration of the administration of value-added tax, income tax, and domestic excise under a single center of control in the majority of member countries.
- The strengthening of large taxpayer offices in Kenya, Tanzania, and Uganda. These offices are already yielding results, while other member countries have made progress towards the establishment of similar offices.
- Major initiatives to develop a risk-management program and business process modeling concepts to revenue authorities in the region.
- The deepening of capacity in member countries for risk-focused inspections of banks and strengthening of off-site supervision of financial institutions in most member countries.
- Progress with the upgrading of national economic and financial statistics systems to international standards. Support was provided in the areas of national accounts, price indices, and balance of payments and government finance statistics.

These results were achieved working closely with member country institutions, including their leadership and staff, multilateral and bilateral development partners, technical experts from IMF headquarters, and IMF resident representatives in the field.

The Center achieved promising results with professional staff exchanges in the region as a new mode of technical cooperation. Three exchanges were completed successfully: an attachment for staff from the Bank of Eritrea Supervision Department to the Central Bank of Kenya; another attachment for two regional staff to the South African Revenue Service; and an attachment for staff from the Intergovernmental Fiscal Relations Unit in Rwanda to the South African Treasury. In all three cases, returning staff took steps to share their experience and apply their learning.

The Center's workshop program was rated highly by participants. The Center has also been successful in coordinating its support in this area with other pan-African and regional capacity-building institutions.

Inside the East AFRITAC, the year has seen the partial introduction of a results-based management system. Several projects are required to report against the expected outputs and outcomes of their framework.

All in all, a sound platform for technical cooperation and coordination of technical assistance in the East African region has been established in the Center since its inception in 2002. Its impact is increasingly being felt across the region, and is evident in the content of this report. It was a privilege for me to take the helm as Center Coordinator in June 2007, taking over from the effective stewardship of my predecessor. I look forward to contributing to the East AFRITAC's development as a Center of technical excellence for macroeconomic and financial management in the region during the current fiscal year and beyond.

Mario de Zamaróczy
East AFRITAC Coordinator



East AFRITAC

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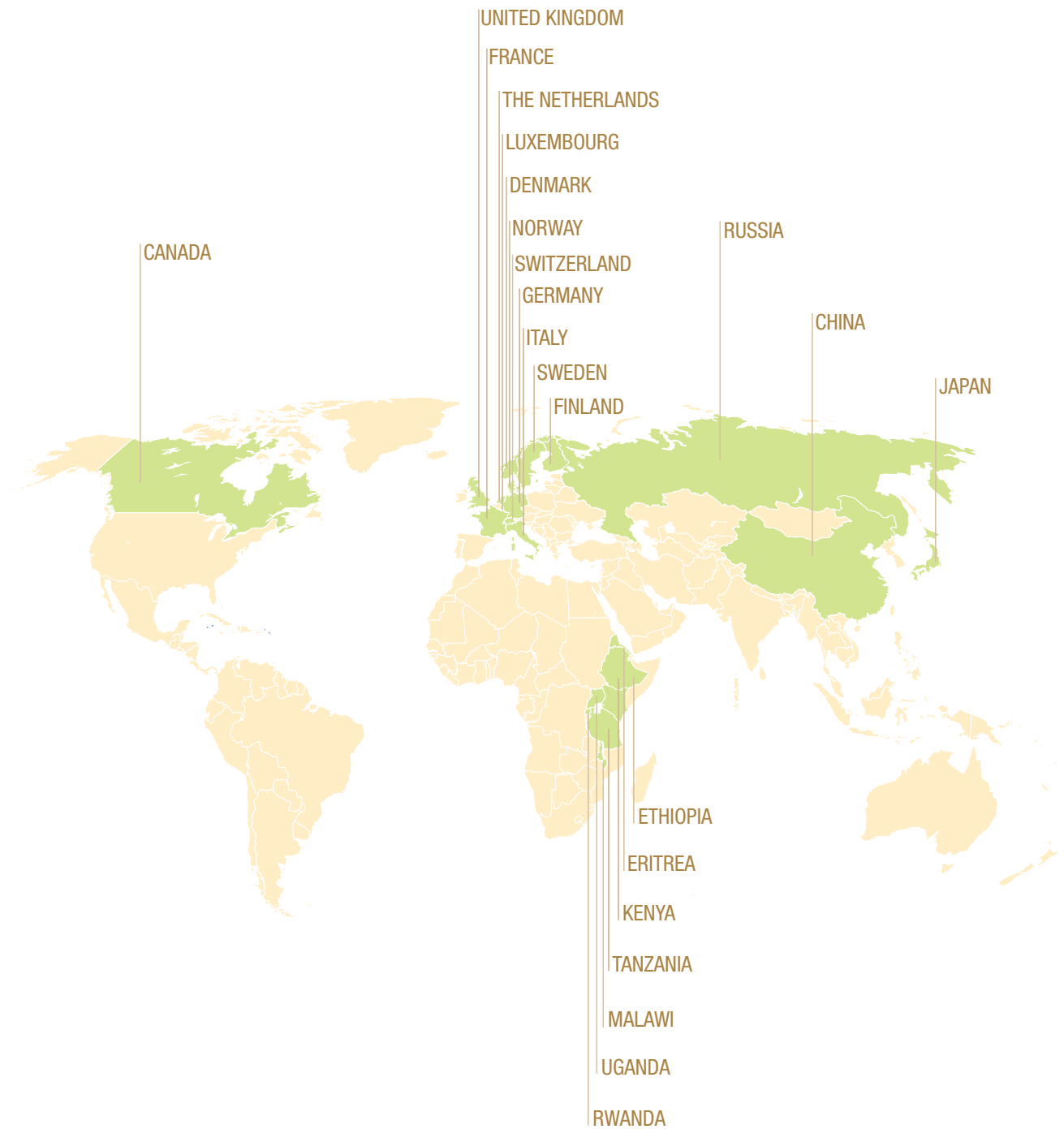
Selected Acronyms

ACBF	African Capacity Building Foundation
AfDB	African Development Bank
AFR	African Department, IMF
AFRITAC	(Central, East, or West) Africa Regional Technical Assistance Center
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
BOP	Balance of Payments
BPM 5	Fifth Balance of Payments Manual
CAMEL	Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity
CPI	Consumer Price Index
EAC	East African Community
FAD	Fiscal Affairs Department, IMF
FIRST	Financial Sector Reform and Strengthening Initiative
FSAP	Financial Sector Assessment Program
FSI	Financial Stability Institute
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
IFRS	International Financial Reporting System
IMF	International Monetary Fund
ITAX	Integrated Tax Administration System
ITRS	International Transaction Reporting System
LTO	Large Taxpayer Office
MCM	Monetary and Capital Markets Department, IMF
OBL	Organic Budget Law
OTM	Office of Technical Assistance Management, IMF
PFM(R)	Public Financial Management (Reform)
PPI	Producer Price Index
PRSP	Poverty Reduction Strategy Plan
SARS	South African Revenue Service
SITAS	Standard Integrated Tax System
SNA 93	1993 System of National Accounts
STA	Statistics Department, IMF
TA	Technical Assistance
WCO	World Customs Organization

Contents

<i>Statement by the Chairperson of the East AFRITAC Steering Committee</i>	i
<i>Foreword by the Center Coordinator</i>	iii
<i>Selected Acronyms</i>	iv
<hr/>	
1 OVERVIEW OF THE EAST AFRITAC	1
Approach	3
Key areas of work	3
Public Financial Management	3
Revenue Policy and Administration	4
Financial Sector Regulation and Supervision	4
Economic and Financial Statistics	4
Monetary Policy and Operations	4
Macroeconomic Policy	5
<hr/>	
2 ANNUAL REPORT FOR FY 2006–07	6
Public Financial Management	7
Budget Reform Support	7
Legal and Regulatory Framework Support	7
Cash-Management Support	8
Intergovernmental Fiscal Relations	8
Revenue Policy and Administration	8
Modernization and Integration of Tax Administration	8
Risk Management	9
Strengthening of Large Taxpayer Offices	9
Information and Communication Support	11
Financial Sector Regulation and Supervision	11
CAMEL Rating	12
Risk-Based Bank Supervision	12
Consolidated Supervision	14
Prudential Regulations	14
Other Initiatives	14
<hr/>	
Economic and Financial Statistics	15
National Accounts	15
Price Indices	15
Balance of Payments	16
Attachment Program for Regional Staff	16
Regional Workshops	17
Coordination with Development Partners	17
Public Financial Management	18
Revenue Policy and Administration	18
Financial Sector Regulation and Supervision	18
Economic and Financial Statistics	18
<hr/>	
3 OVERVIEW OF FY 2007–08 WORK PLAN	19
<hr/>	
4 EAST AFRITAC PROFILE	23
Our Organization	23
Our Clients	24
Our Development Partners	24
Our Vision	24
Our Activity Areas	25
Our Staff	25
<hr/>	
ANNEX 1	
List of East AFRITAC Missions, FY 2006–07	27
Eritrea	27
Ethiopia	27
Kenya	27
Malawi	28
Rwanda	29
Tanzania	29
Uganda	30
Other	30

Donor Countries and Served Countries of the East AFRITAC



Note: The African Development Bank, a major donor to the East AFRITAC, is not shown on this map. Kenya and Tanzania provide in-kind contributions to the East AFRITAC

1

Section

Overview of the East AFRITAC

The Africa Regional Technical Assistance Centers (AFRITACs) are a collaborative venture between the International Monetary Fund (IMF), the recipient countries, and bilateral and multilateral donors. They originated from the IMF's response to African leaders' call on the international community to increase technical assistance (TA) to Africa and focus it more sharply on capacity building. Their strategic goal is to strengthen the institutional capacity of African countries to design and implement their millennium development goals and poverty-reducing strategies supported by sound macroeconomic and financial policies, as well as to strengthen the coordination of capacity-building TA.

The East AFRITAC, established in Dar es Salaam, Tanzania, in 2002, the West AFRITAC, temporarily established in Bamako, Mali, in 2003, and the Central AFRITAC, established in Libreville, Gabon, in 2007 together serve 32 countries in sub-Saharan Africa (see map left). These Centers host a team of resident advisors who assist member countries in strengthening institutional capacity. As illustrated in Table 1 below, the volume of IMF TA delivered through the AFRITACs currently stands at 9 percent of total IMF TA. The Center is financed by grants from the African Development Bank,

Table 1. Technical Assistance Provided by the IMF, FY 2005–07

	Amount of TA delivered in person-years			As a percentage of total IMF TA			Donors
	2005	2006	2007	2005	2006	2007	
East AFRITAC	9.16	6.71	7.07	4.56	3.49	3.41	AfDB, Canada, China, Denmark, Finland, France, Germany, Italy, Japan, Kenya, Luxembourg, Netherlands, Norway, Russian Federation, Sweden, Switzerland, Tanzania, United Kingdom, and IMF.
West AFRITAC	8.16	8.04	9.14	4.07	4.18	4.42	
Central AFRITAC	—	—	1.47	—	—	0.71	
Total AFRITACs	17.32	14.75	17.68	8.63	7.67	8.54	
Other IMF TA	183.32	177.30	189.39	91.37	92.33	91.46	
Total IMF TA	200.64	192.05	207.07	100.00	100.00	100.00	

Source: IMF Office of Technical Assistance Management.

“SECO’s partnership with East AFRITAC dates back to 2003, inspired by significant contribution the Regional Technical Assistance Centers are making to capacity building in low-income countries. Understanding macroeconomic challenges in these countries, we see capacity building in macroeconomic management for governments in Africa as indispensable in successful macroeconomic support and as a foundation for affirmative contribution to the implementation of poverty-reducing strategies. Our confidence in the East AFRITAC, as a deliverer of quality and demand-driven technical assistance to governments that need it most, has continued to be strengthened by positive feedback from beneficiary countries in the region. From them we now see the investments made by the Center and contributing partners bearing fruits in terms of improvements in approaches to macroeconomic management. We commend the Center for its immense role in these success stories and we continue to look forward to stronger and well-equipped governments capable of dealing with emerging macroeconomic management challenges in their countries.”

—Rose Aiko, Swiss Cooperation Office
in Tanzania.

15 bilateral donors (Canada, P.R. China, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, Norway, the Russian Federation, Sweden, Switzerland, The Netherlands, and the United Kingdom), two regional members (Kenya and Tanzania), and the IMF.

An independent mid-term evaluation of the first phase of the East and West AFRITACs, which took place in 2004 and the highlights of which are summarized in Box 1, found that the AFRITACs were effective delivery vehicles for capacity building. Preparations for the second mid-term review of the AFRITACs are expected to commence during the 2007–08 Fiscal Year (FY 2007–08, running from May through April).

The East AFRITAC’s member countries are Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda. Consistent with the broader IMF TA strategy to foster institutional capacity for macroeconomic policy formulation and implementation, the Center assists in the execution and monitoring of on-going TA, provides capacity-building TA to member countries, and facilitates donor coordination to enhance the achievement of these objectives. The operations of the East AFRITAC are guided by a Steering Committee, consisting of representatives from the seven participating countries, the African Development Bank, three donors representing all bilateral donors, and the IMF. The Center is managed by a Center Coordinator, assisted by a team of resident advisors. The skill mix of the resident advisors reflects the identified priority needs of the beneficiary countries. Their technical work is supplemented, as needed, by the deployment of short-term experts, the provision of seminars and workshops, and the organization of professional attachments.

Box 1. The Independent Mid-Term Evaluation of the East and West AFRITACs (2004)

Objectives

- Assess whether the AFRITACs have provided value added to beneficiary countries.
- Assess the extent to which the AFRITACs’ objectives have been achieved.
- Assess whether the Centers have enhanced cooperation between stakeholders (member countries, the IMF, and donors) in their respective countries.

Findings

- The AFRITACs are an effective delivery vehicle for capacity building appreciated by all stakeholders.
- They distinguish themselves from other delivery modes by their responsiveness to clients’ needs, proximity to member countries, quick response time, familiarity with local context and issues, and relevant leadership.
- For the most part, the AFRITACs have achieved their objectives.
- The AFRITACs’ interaction and cooperation with other TA providers has helped to enhance TA coordination among stakeholders.
- The foundation has been laid for the AFRITACs and their stakeholders to move towards increasing efficiency and results.

Source: AFRITACs’ Independent Mid-Term Evaluation Report, available at www.imf.org.

Approach

Since its inception, the work of the East AFRITAC has been characterized by high responsiveness to the needs of member countries. In her opening remarks at the ninth East AFRITAC Steering Committee meeting in April 2007, the Chairperson, Mrs. Consolate Rusagara, Deputy Governor, National Bank of Rwanda, attributed the Center's unique performance and usefulness to its underlying demand-driven approach and its prompt response to the needs of member countries. On the one hand, a demand-driven approach is a core tenet of the Center's model of TA delivery. Another key aspect is the development and deployment of local counterpart teams, which helps to contribute significantly to country ownership and the sustainability of the underlying reform effort. On the other hand, the Center has also effectively strengthened its support with strategic advice and technical backstopping from IMF Headquarters, ensuring the consistency, relevance, and quality of the assistance provided.

Key achievements for the Center across its areas of expertise are the use of advisors, both permanent and short-term, with regional experience; its regional staff attachment program; and its collaboration with other regional institutions. The Center has also put considerable effort into liaising closely with development partners in the formulation and delivery of TA, fulfilling its mandate of greater coordination of such interventions. Overall the Center's model of TA delivery has enabled better alignment of capacity-building activities with country-driven initiatives in each of its areas of work, and has facilitated the tapping into, and exploitation of, expertise available within the region.

Internally, the East AFRITAC has adopted a results-based management framework anchored in an annual planning, implementation, monitoring, and evaluation cycle. The framework identifies the main objectives for each area of work, the expected (and achieved) inputs and activities, main outputs, results, as well as next steps. The framework also makes explicit the links of East AFRITAC support to member countries' reforms and poverty-reducing strategies, and the involvement of other donors. The management model for the Center as a whole translates into country- and sector-based frameworks. Member countries, through the Steering Committee, have expressed their appreciation of the clarity brought to the Center's operations through this approach.

Key areas of work

In line with the main priorities set for the work of the East AFRITAC at the 2002 high-level AFRITAC stakeholder Conference in Paris, the Center's mandate includes the following areas.

Public Financial Management

The Center's assistance in this area aims to assist member countries in building capacity for reforms in budget preparation and execution, including strengthening legal frameworks and systems for state financial management; reforming budget processes and introducing program performance budgeting; reforming classification systems; improving treasury systems; upgrading cash- and



East AFRITAC organizes several workshops a year to provide specific training and help develop regional networks.

“Kenya Revenue Authority appreciates the exceptional contribution of the East Africa Regional Technical Assistance Center (East AFRITAC) towards the on-going Revenue Administration Reform and Modernization program. The support and advice spurred the reform process and ensured the adoption of reform and modernization strategies according to contemporaneous international standards. We value and consider East AFRITAC as a key reliable partner, and our requests for technical support have always been accommodated, even at short notice. The attachment of a tax administration expert and a customs administration expert in addition to the holding of several workshops in Kenya and the region are some of the technical support initiatives.”

—M. G. Waweru, EBS,
Commissioner General,
Kenya Revenue Authority.

debt-management procedures; modernizing financial accounting and reporting systems; and improving expenditure control monitoring. The East AFRITAC has also been active in assisting member countries to improve the internal structure and organization of finance ministries and to design and evaluate public financial management reform programs. A final area of involvement has been intergovernmental fiscal relations and assistance to lower levels of government.

Revenue Policy and Administration

The Center’s assistance in this area aims to assist member countries in building capacity for revenue administration reforms and modernization programs. The assistance is provided in the context of the majority of revenue authorities in the region maintaining a very fast pace of reform and modernization. Key focus areas include: implementing risk-management programs; deepening the integration process and improving management of the large, medium, and small segments of the taxpayer population; strengthening reform and modernization management; formulating a common tax procedures code; improving taxpayer service programs and advance rulings regimes; reviewing and improving business processes; and deploying appropriate information technology systems.

Financial Sector Regulation and Supervision

The East AFRITAC’s assistance in this area is aimed at strengthening the legal and regulatory framework for supervising banks and nonbank financial institutions. This includes assisting countries in achieving compliance with the Basel Core Principles for Effective Banking Supervision; improving on-site inspection and off-site supervision activities, making them more risk-focused; and implementing consolidated supervision to supervise banking groups and financial conglomerates effectively. The Center also provides support for countries to address specific issues, such as anti-money laundering/combating the financing of terrorism (AML/CFT) measures; adopt international financial reporting standards (IFRSs); and supervise microfinance and foreign exchange bureaus.

Economic and Financial Statistics

The Center has put considerable effort into building capacity in the region to produce timely and quality national economic and financial statistics. Recent initiatives include assistance for member countries to participate in the General Data Dissemination System (GDDS); improving the quality of macroeconomic statistics, primarily in national accounts and prices; and applying internationally accepted concepts and methodologies in data compilation, transformation, and dissemination. The aim is to achieve consistency among all the macroeconomic variables, which will in turn promote the formulation of sound macroeconomic and financial policies.

Monetary Policy and Operations

East AFRITAC aims to support capacity creation at central banks in the area of monetary policy and operations. The focus of the work involves supporting central banks to create in-house capacity for the formulation and implementation of appropriate monetary policy; facilitating the development of foreign exchange, money, and domestic debt markets through the progressive adoption of market-



Banking Supervision Advisor discusses with participants at a seminar organized by the East AFRITAC.

based instruments; enhancing institutional capacity for managing systemic liquidity and conducting efficient monetary operations; assisting national initiatives for the modernization of payment and settlement systems and harmonization of regional efforts involving cross-border systems; supporting capacity creation for management of foreign exchange reserves; and providing assistance to deal with accounting issues impacting central banks, including the interpretation and adoption of IFRSs. The Center also supports the building of institutional capacity for managing systemic liquidity, conducting efficient monetary operations and managing foreign exchange reserves. Progress in member countries in these areas also comes under the spotlight, as the Center intends distilling important lessons from across the region.¹

Macroeconomic Policy

With the appointment of a resident macroeconomic policy advisor in the near future, the Center aims to assist countries in developing a macroeconomic framework for sustainable and poverty-reducing growth, particularly through the improvement of fiscal forecasting, monitoring, and reporting practices. The Center will assist in the establishment or strengthening of macroeconomic units in key economic agencies and provide training in debt analysis, financial programming, and statistical and modeling techniques.

¹For most part of FY 2006–07, the position of monetary policy operations advisor was vacant. Member countries were nonetheless able to draw on TA from the IMF's Monetary and Capital Markets Department (MCM). This TA is not covered in this annual report. The position was filled in April 2007 and the Center has resumed its TA in this area. This sector will be covered again in next year's Annual Report.

“We are greatly honored to express our appreciation for the capacity built through the technical assistance provided by the East AFRITAC missions, during the several visits and through the in-house and regional training workshops provided since 2003. Through the collaboration, we have been able to achieve the following: (i) establishment of a Government Finance Statistics Unit at the Ministry of Finance; (ii) construction and publication of a revised Consumer Price Index, which has the base period of December 2005; (iii) initial work on the construction of producer price indices for the hotel and manufacturing sectors; and (iv) beginning of the regular publication of a monthly Statistics Release.”

—Mohamed Hafidh Rajab,
Chief Government Statistician,
Zanzibar.

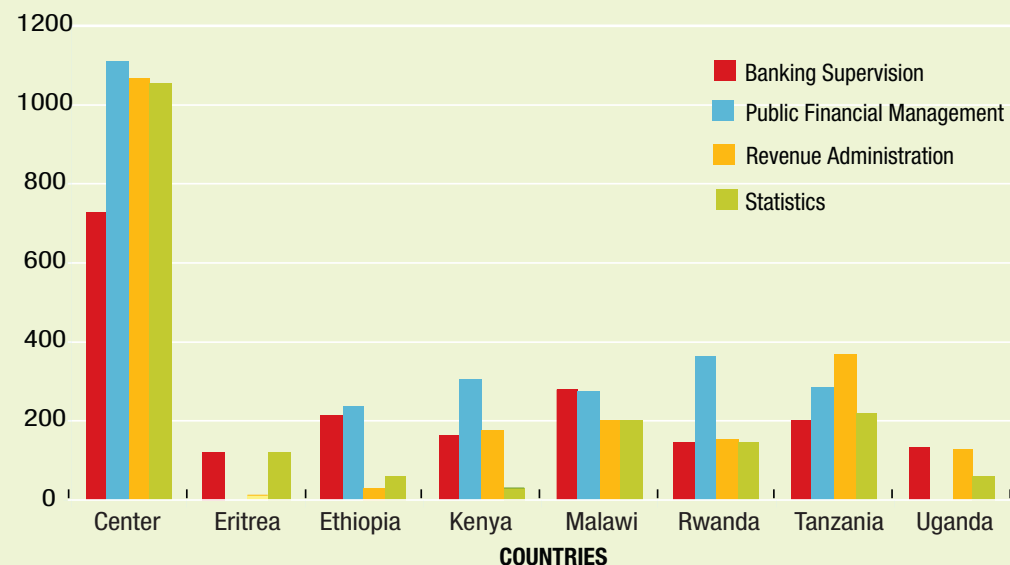
Section 2

Annual Report for FY 2006–07

During the 2006–07 Fiscal Year (FY 2006–07), the East AFRITAC undertook a program of TA missions to member countries in the areas of Public Financial Management, Revenue Policy and Administration, Financial Sector Regulation and Supervision, and Economic and Financial Statistics (Charts 1 and 2). Many of these missions were on on-going projects to member countries, while some others initiated new projects.

Coordination with other Development Partners formed a key ingredient of the work methodology, as well as the establishment of country work teams in order to maximize capacity building, as per the mandate of the Center. In addition, the Center continued an established program of regional workshops, which were well attended and highly rated. FY 2006–07 saw the introduction of staff attachments amongst countries in the region, as an additional method of building capacity. Initial feedback from this program has been very positive.

Chart 1: Allocation of East AFRITAC Advisors' Assistance Time (FY 2006–07; in Person-Weeks)



Source: East AFRITAC.

The report below reviews each component of the Center's capacity-building approach separately, namely TA to member countries by sector; the professional attachment program; regional workshops; and coordination with development partners. Feedback is provided on the inputs, but more importantly, on outputs and outcomes achieved in FY 2006–07.

Public Financial Management

Good public financial management institutions are a pre-requisite for translating governments' development objectives, expressed through poverty-reducing strategies and other policy commitments, into reality through effective service delivery on the ground. Fiscal institutions are also critical in stabilizing the macroeconomic environment for growth, development, and poverty reduction. During FY 2006–07, East AFRITAC activities continued to support the Public Financial Management (PFM) reform strategies adopted by member countries. In response to member countries' requests, East AFRITAC activities in this area were concerned with budget reform initiatives in Ethiopia, Kenya, and Malawi; legal and regulatory reforms in Kenya and Rwanda; cash management in Kenya, Malawi, Rwanda, and Tanzania; and intergovernmental fiscal relations in Rwanda.

Budget Reform Support

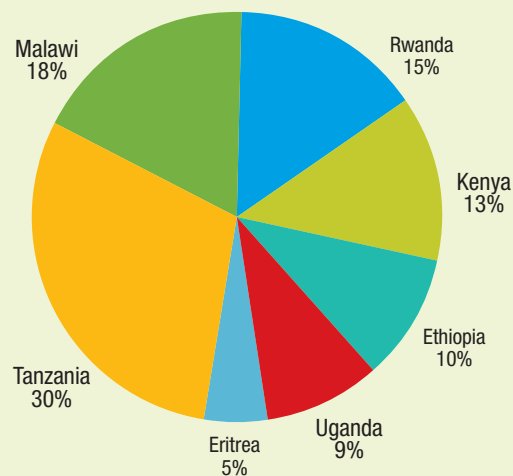
During FY 2006–07, the East AFRITAC, building on its earlier work in the region, concentrated its support on building capacity for spearheading budget reforms in several member countries, as well as supporting the formulation of comprehensive public financial management legislation and regulations.

- In Ethiopia, the multi-dimensional support provided by the East AFRITAC included setting out the reform agenda through a concept paper on program budgeting; sensitization and training of senior officials on the reform; and preparation of program budgets.
- In Kenya, a joint mission with the IMF's Fiscal Affairs Department (FAD) assisted the Ministry of Finance to design a framework setting out the future direction of its budget reform program. The Government of Kenya took the recommendations of the mission on board and has started some of the enabling reforms, including the development of an encompassing legal framework for public financial management.
- A joint mission with the IMF FAD reviewed the budget preparation process in Malawi and provided recommendations for strengthening its policy context and technical framework as well as the budget documentation.

Legal and Regulatory Framework Support

- As a complementary reform to program performance budgeting, the Center assisted Kenya in drafting a comprehensive Public Finance Act and the accompanying financial regulations.
- With technical support, Rwanda was able to legislate an Organic Budget Law (OBL), promulgate the underlying financial regulations, and enhance understanding of the new roles and responsibilities in management of public funds.

Chart 2: Allocation of Advisors' In-Country Time by Country (FY 2006–07; in Percent)



Source: East AFRITAC.



East AFRITAC workshops are used to compare experiences and share best practices.

Cash-Management Support

The East AFRITAC supported the implementation of forward cash planning in a number of member countries during FY 2006–07. The following were key activities during the year:

- In Kenya, the assistance focused on consolidating the Treasury Single Account arrangement for concentrating the cash balances of the government.
- The delivery of cash-management TA in Malawi provided the opportunity for close cooperation with other development partners, in this case with the United States Treasury advisor hosting a workshop for officials, followed by a diagnostic mission conducted by the East AFRITAC. The diagnostic mission made a number of recommendations on the way forward in establishing cash-management capability in the Ministry of Finance of Malawi and in the budget agencies.
- A mission to Rwanda made recommendations for phased integration of bank accounts pertaining to projects and local governments into the Treasury Single Account arrangement. It also recommended the need for instituting a steering committee, with membership from the National Bank of Rwanda (NBR), the Ministry of Economy and Finance, and other stakeholders, to participate in the modernization of the NBR banking application software.
- In Tanzania, support for the establishment of the cash-management unit in the Accountant General's office was supplemented by capacity-building workshops for officials in line ministries, and assistance in the drafting of circulars and cash-planning forms for use by government ministries, departments, and agencies. The capacity and procedures are now in place to implement forward cash planning starting in July 2007.

Intergovernmental Fiscal Relations

East AFRITAC's activities in this area were focused in Rwanda where the Center built capacity for managing fiscal relations between various levels of government. A key outcome was the establishment of an intergovernmental fiscal relations unit in the Ministry of Economy and Finance.

Revenue Policy and Administration

During FY 2006–07, East AFRITAC provided revenue-administration TA to assist member countries in strengthening their capacity in this area. We report on the assistance under four headings—modernization and integration of tax administration; risk management; strengthening of large taxpayer offices; and information and communication technology support—by country, noting inputs, outputs, and results.

Modernization and Integration of Tax Administration

The majority of member countries have integrated the administration of value-added tax, income tax, and domestic excise under a single center of control. However, the effectiveness of this endeavor is a function of the depth of integration with respect to the enabling legislative framework, processes and procedures, and information and communication technology. Direct and indirect assistance provided by East AFRITAC was aimed at assisting revenue authorities in the region in strengthening domestic tax administration by reinforcing the concepts of integration and taxpayer segmentation. The following were the key results achieved:

- Kenya strengthened domestic tax administration through establishing an operational policy unit which serves both the large taxpayer office and the small and medium taxpayer department. It also designed a system for the taxation of small and micro businesses.
- Rwanda took the decisive step to complete the integration of tax administration by merging the Large Taxpayer and Inland Revenue Departments. In addition, Rwanda put in place an operational policy function for operations, policy, planning, strategy, and quality assurance.
- In Uganda, a draft tax procedure code was developed with the intention of consolidating all tax administration procedures under one administration act.

Risk Management

East AFRITAC undertook a major initiative to develop a risk-management program for revenue authorities. Box 2 summarizes approaches and key results achieved.

Strengthening of Large Taxpayer Offices

Large taxpayers in all East AFRITAC countries account for 2–3 percent of the total taxpayer population and up to 70 percent of total revenue. It is in view of this, and in recognition of the unique characteristics of these taxpayers, that countries have established large taxpayer units to provide specialized tax administration programs for these taxpayers. To further strengthen these units, advice was provided to: develop the large taxpayer office (LTO) structure and establishment; develop the entry and exit criteria of the large taxpayer group; complete identification of the number of large taxpayers and their sectoral distribution; and identify management and technical skill gaps to enable the development of the appropriate training for prospective tax administration staff. The following are the key results achieved:

- Significant progress has been made in defining the mandate of the LTO in Ethiopia, Kenya, Rwanda, Tanzania, and Uganda. In addition, the organizational structure is fully functional and there is improved emphasis on accountability and development of strategies related to taxpayer compliance behavior.
- In Kenya, the LTO increased the number of taxpayers it administers from 243 in June 2006 to 820 in July 2007. These contribute close to 70 percent of the domestic tax revenue.
- Uganda developed various procedure guidelines for large taxpayer management. The LTO currently has 442 taxpayers, up from 300 in September 2005, with a current contribution of about 65 percent of domestic revenue.
- In mainland Tanzania, audits improved significantly, with major audits yielding assessed taxes of nearly US\$58 million. The LTO posted positive results with the department moving from managing 100 large taxpayers in 2004 to 370 in 2006, with the latter contributing about 70 percent of domestic tax revenue.
- In addition, Zanzibar inaugurated an LTO with a dedicated management responsible for an initial 45 files.
- Ethiopia expanded the LTO (and the Addis Ababa branch office) mandate to include the administration of value-added tax, and fully deployed the Standard Integrated Tax System (SIGTAS) software in the unit (and Addis Ababa branches).

“A big thank you to East AFRITAC for all the support you gave us and the hands-on training you conducted. We really feel that the benefit to us was tremendous given the fact that we were even working with African figures and getting hands-on experience with real figures that also apply in our countries. In light of the above, we would like to initiate other programs that would benefit us more as well as our colleagues.”

*—Milly Nalukwago Isingoma,
a participant from Uganda Revenue
Authority in the Workshop on Revenue
Estimation and Forecasting.*

Box 2. Successful East AFRITAC Projects—Risk Management in Revenue Administration

No revenue agency has, nor should have, the resources to control 100 percent of its client and transaction base. Instead, revenue agencies increasingly rely on risk-management¹ methodologies to allocate better the limited available resources at their disposal in order to achieve the best possible compliance strategy. Experience in the region indicates that revenue agencies apply risk-management methodologies, in one way or another, in their day-to-day operations. However, more often than not, this is not done in a formal and systematic manner, leading to suboptimal resource allocation and revenue results. It is in this regard that regional revenue agencies and the East AFRITAC identified risk management as a critical area for TA.

In responding to this need, the East AFRITAC work plan for FY 2006–07 set out to provide the required TA based on the understanding that: (i) risk management should be tackled from a regional perspective; and (ii) care should be taken to maximize synergies and avoid duplication of effort by TA providers. The East AFRITAC partnered with the East African Community (EAC) Secretariat based in Arusha, Tanzania, and the World Customs Organization's East and Southern Africa Regional Capacity-Building Center (WCO-ESARCBC) based in Nairobi, Kenya, to assist with the establishment of a structured risk-management program for East AFRITAC member countries using a three-pronged approach:

Developing a generic regional risk-management curriculum. In response to a regional need to implement robust risk-management programs in customs administration, East AFRITAC and WCO-ESARCBC experts selected staff² from the region, referred to as the “Working Team,” and developed a generic risk-management program curriculum, which is in line with modern customs administration practices, and is already being used by Kenya, Rwanda, Tanzania, and Uganda. It is now also part of the training program of the EAC. It covers subjects such as the identification of risk, selectivity, risk profiling (including quantitative and qualitative data), and targeting.

Providing direct TA in risk management to the Uganda Revenue Authority (URA). Direct TA through short-term expert assignments was availed to the URA to help the development and implementation of a credible framework for managing risks, including development of a risk-management policy, appointment of a corporate level risk-management champion, and implementation of risk-management units across the organization. This project has been highly successful in analyzing and disseminating risk information to program delivery units.

Organizing a regional workshop on “Risk Management in Customs Administration.” The workshop, whose format included a field visit to the Kenya Revenue Authority (KRA) to review select operations and evaluate the applicability of best practice, elicited a lively debate and high-quality interventions. Participants were taken through the steps needed to embrace risk-management, and presented with the challenges and issues that must be addressed. The field visit to KRA allowed the participants to review and evaluate risk-management practices in a live environment, and make appropriate recommendations for strengthening performance.

This initiative has been highly successful and there is opportunity for its sustainability given East AFRITAC's involvement. Most countries in the region have now established dedicated risk-management units. This initiative demonstrates: (i) the effectiveness of working through local counterpart teams for purposes of embedding ownership and ensuring the transfer of skills and sustainability of projects; (ii) the effectiveness of cooperation and leverage between TA programs; and (iii) the effectiveness of innovative methodologies for workshop presentation.

¹Risk management in this context is a formal process whereby risks to revenue administration are systematically identified, analyzed, assessed, ranked, and mitigated.

²Kenya Revenue Authority (7); Rwanda Revenue Authority (3); and Tanzania Revenue Authority (2).

Information and Communication Support

A major innovation during the year was the introduction of business process modeling concepts, including process identification, management, analysis methodology, and their relationship and alignment to the revenue authorities' corporate and individual staff goals. This was in recognition of the fact that, without adequate review and improvement of business processes, any information and communication technology implementation initiative was likely to fail. The East AFRITAC therefore provided both direct and indirect support in business process review, mapping, improvement and design, and identification of modern systems. The following are the specific results achieved through support from East AFRITAC:

- Kenya has undertaken a major business process mapping exercise, driven by the modernization unit. This is linked to the procurement of an integrated tax system.
- Tanzania took the decision to outsource further development of the integrated tax administration system (ITAX) in order to bring it to acceptable international standards. An East AFRITAC-recommended information and communication technology expert has been assisting the tax authority in quality assurance for the ITAX development program and the implementation of internationally accepted information and communication technology standards. At the same time, the Tanzania customs administration processes are being improved to ensure full integration of all customs procedures. In this regard, the Tanzania Revenue Authority is currently working on the integration of TISCAN and customs operations, which involves modifying current administrative processes and information technology systems.
- TA was provided to Uganda regarding the procurement of an integrated tax system through a competitive process. In a complementary exercise, assistance was provided for a major business process mapping undertaking, driven by the modernization unit. Warehousing processes were also documented.

Financial Sector Regulation and Supervision

The main objective of East AFRITAC during FY 2006–07 for capacity deepening in conducting risk-focused inspections of banks and in strengthening off-site supervision of financial institutions was largely achieved. This was in line with the revised version of the Core Principles for Effective Banking Supervision, published by the Basel Committee and endorsed by supervisors worldwide in October 2006. These Core Principles, originally released in 1997, have become de facto the standard for sound prudential regulation and supervision of banks. They have been used by countries not only as a benchmark for assessing the quality of their supervisory systems, but also as an input into their financial sector reform agenda. East AFRITAC countries are in different stages of financial sector reform as part of their overall Poverty Reduction Strategy Plans (PRSPs). The Bank Supervision work plan for FY 2006–07 supported the reform agenda by promoting the soundness and stability of the respective financial systems of East AFRITAC members through effective banking supervision.

“We commenced our partnership with East AFRITAC in 2004, at a time when we were changing our supervisory approach from the “Traditional Financial Performance Approach” to the “Risk-Based Approach”. This paradigm shift was necessitated by the evolving demands of an increasingly dynamic Kenyan banking sector. As in any journey to the unknown, we needed a guiding hand to see us through this momentous period. East AFRITAC was there for us right from the inception of our journey with invaluable practical technical assistance tailored to our local circumstances. We look back with pride on our partnership with East AFRITAC which has had the following milestones but to mention a few: launch of a Risk-Management Survey in 2004; production of the Risk-Management Guidelines in 2005; and submissions of Risk-Management Programs by all banks in 2006, coupled with a walkthrough review exercise. We certainly look forward to a continued fruitful relationship with East AFRITAC on our mutual journey of fostering a sound financial system that is consistent with the development structures of the country and also that will play its rightful role in Kenya’s development aspirations.”

*—Rose Detho, Director, Bank Supervision
Department,
Central Bank of Kenya.*

“In keeping pace with challenges of supervising banks in the dynamic business world of today, the Directorate of Banking Supervision at the Bank of Tanzania decided to adopt Risk-Based Supervision instead of the traditional Compliance-Based Supervision. The shift to the new approach of supervising banks and reviewing regulations required resources in terms of human capital, time, money, and commitment. Bank of Tanzania received valuable assistance and support from the IMF East AFRITAC Banking Supervision expert in preparing a Risk-Based Supervision Framework in-house. IMF East AFRITAC has also financed deployment of experts who provided technical assistance in reviewing regulations and conducting Risk-Based Supervision during the pilot phase. IMF East AFRITAC spent valuable time working hand in hand with the core team, which was appointed to champion development of a Risk-Based Supervision Framework and review regulations. Bank of Tanzania recognizes the East AFRITAC and other supervisory agents and individuals who continue to support development of the Risk-Based Supervision Framework as an effective method of supervising banks.”

—L. H. Mkila,
Currently Deputy Governor,
Bank of Tanzania.

Throughout the bank supervision program of support, the principal mode for delivering TA continued to be through the participative “working-team approach,” supplemented by in-house workshops to share mission findings and recommendations amongst all supervision staff. To complement hands-on training with structured formal learning, counterparts were also encouraged to make use of the tutorials offered by the Financial Stability Institute’s “FSI Connect.” This is an on-line facility offering tutorials on over 120 topics in bank supervision (free subscription arranged by East AFRITAC). By February 2007, the completed tutorials by supervisors from all East AFRITAC countries reached 3,268, representing an increase of over 300 percent in the usage of the interface since March 2006.

CAMEL Rating

Highlighting the progress with supervisory evaluation of risks in commercial bank activities, member countries adopted the CAMEL (capital adequacy, asset quality, management, earnings, and liquidity) rating framework as part of their reformulated on-site and off-site supervisory regimes. The rating system enables the supervisors to track variations in individual bank performance. Apart from the preparation of suitable procedures manuals to further strengthen the monitoring of commercial bank performance, the adoption of the methodology in Eritrea, Ethiopia, and Rwanda in 2006, after support in 2005, has enabled the supervisors to generate a detailed institutional profile of banks, conduct risk-focused inspection of banks, and produce individual bank-focused quarterly analysis of their performance. These, in turn, are being used by the supervisors to require banks to take prompt and appropriate corrective action when needed. The effort also culminated in outreach training for banks’ internal auditors and risk managers. Specific outcomes include:

- The National Bank of Ethiopia fully implemented the CAMEL Rating System to evaluate performance of banks in Ethiopia, and reports are prepared in line with the CAMEL Rating Manual prepared in 2005.
- In Rwanda, an Off-Site Surveillance Manual was produced.

Risk-Based Bank Supervision

TA to support the implementation of risk-based supervision was provided to Kenya, Rwanda, and Tanzania, while Eritrea, Ethiopia, and Malawi introduced this new method. As a first step in the process, the working teams in each country were assisted in familiarizing themselves with risk-management systems and the tools, techniques, and procedures involved in conducting a risk-focused inspection of banks. The guidelines on risk management and the policy and technical papers on risk-based supervision methodology proved quite useful in ensuring a systematic and comprehensive implementation of this new approach to supervision. (Box 3 highlights some key results achieved). Specific outcomes included:

- In Eritrea, Risk-Management Guidelines were drafted and issued to banks, which will submit Risk-Management Programs in 2007.
- The National Bank of Ethiopia formed a Risk-Based Supervision team to spearhead the implementation of the approach, which prepared a policy paper and a technical paper. Subsequently, the technical paper was incorporated in its Manual, and relevant training was conducted.

Box 3. Successful East AFRITAC Projects— Towards a More Effective Bank Supervision Approach

One major theme in bank supervision TA for East AFRITAC countries since 2004 has been the introduction of risk-based approach to supervision of banks. The key element in risk-based supervision approach is identifying the primary risks facing a bank and determining how those risks can be mitigated. Once those high-risk activities and high-risk banks have been identified, more supervisory attention is focused on evaluating the significance of those risks for the bank in particular and the financial system in general.

This is in line with the Basel Committee's 25 Core Principles for Effective Banking Supervision. Principle 7 states: *“Supervisors must be satisfied that banks and banking groups have in place a **comprehensive risk-management process** (including Board and senior management oversight) to identify, evaluate, monitor, and control or mitigate all material risks, and to assess their overall capital adequacy in relation to their risk profile. These processes should be commensurate with the size and complexity of the institution.”*

Bank supervisors in the region, like their counterparts worldwide, have recognized the need to keep pace with the changes brought about by technological advances and financial product innovation in the banking industry. In their desire to reassess the way bank supervision is carried out and to explore ways to improve the effectiveness and efficiency of the supervisory process, bank supervisors from Kenya, Rwanda, and Tanzania requested East AFRITAC's help to shift their supervision approach from the traditional checklist approach of determining compliance with banking laws and regulations towards the risk-based approach that is built upon a thorough understanding of the banks' business and risk-management processes. The request was also motivated by the recommendations arising from the Financial Sector Assessment Programs (FSAPs) conducted earlier in these countries and by the need to harmonize with the supervision approach, which the Ugandan authorities had started to embrace a year earlier. At a later date, three other East AFRITAC countries, Malawi, Eritrea, and Ethiopia, also decided to embrace the new supervision approach in a phased manner.

To ensure that the shift from traditional to risk-based supervision is done in a systematic and comprehensive manner, a core 'risk-based supervision' team was formed in each country to work closely with the Center's Bank Supervision Advisor in going through a carefully thought-out step-by-step action plan. The first step was the conduct of a Risk-Management Survey on banks' risk-management structures, practices, and procedures. The Survey disclosed the need to enhance risk-management in banks. For this reason, the next step taken by the teams was the issuance of comprehensive Risk-Management Guidelines to all banks covering most common banking risks such as credit, liquidity, interest rate, foreign exchange rate, and operational risks. The Risk-Management Guidelines served as a common language between bank supervisors and bankers, and facilitated a greater understanding of generally accepted risk management principles for both. To deepen their understanding of risk-based approach, the teams also did research on the risk-based approach adopted by many countries and wrote their own version of risk-based supervision methodology for on-site inspections. With help from regional experts, pilot risk-based inspections of banks were conducted in FY 2005–06, and by the end of FY 2006–07, risk-based inspections of banks became the norm.

The countries have yet to benefit fully from a robust application of the risk-based supervision approach over the next few years, but initial feedback from the banking industry and the central banks' senior management have attested to the benefits of tailoring supervisory activities to the risk profiles of banks. The main challenge ahead is to ensure that all bank supervision staff acquire the necessary skills and experience. The core 'risk-based supervision' teams are undertaking this through in-house workshops and on-the-job training, involving more and more staff in risk-based inspections. To keep bank supervisors abreast with best practices and latest developments in risk management, a number of free subscriptions to the Financial Stability Institute (FSI) Connect on-line tutorials was arranged and their usage encouraged.

The risk-based supervision project is expected to go a long way in terms of promoting sound management of risks in individual banks which shall, in turn, contribute to healthy competition and greater stability of the financial system – key preconditions to sustained economic growth in Africa.

- In Kenya, assistance was provided to draft a Risk-Based Supervision Manual. On account of the continuing program of support since 2004, Kenya has issued risk-management guidelines to all banks, designed new reporting formats, undertaken two rounds of pilot risk-based inspections, and revised its risk-based inspection procedures. Presentations on risk-management programs were completed by all banks.
- In Malawi, a policy paper on risk-based approach was approved by the Governor of the Reserve Bank of Malawi, and a survey of risk management in commercial banks was initiated. Assistance was provided to draft comprehensive Risk-Management Guidelines for banks. In addition, a workshop was held on the Guidelines, which were exposed to banks for comments. Malawi, with assistance from the FIRST Initiative, is moving towards an integrated supervision of its entire financial system, including banks, insurance, securities, and other non-bank financial institutions under the Reserve Bank of Malawi.
- In Tanzania, the program of support for risk-based supervision continued in FY 2006–07, supplemented with training for supervision staff done by the Risk-Based Supervision team, more pilot inspections of banks, and the completion of revised risk-based inspection procedures. Under the guidance of the East AFRITAC advisor, the Bank Supervision Information System team at the Bank of Tanzania was able to generate pilot quarterly off-site reports for all banks starting in December 2006.

East AFRITAC Statistics and Revenue Policy and Administration Advisors interact with workshop participants.



Consolidated Supervision

Recognizing the interrelationships amongst entities operating in the financial sector within national boundaries and across countries in the region, another major focus of East AFRITAC support was to provide assistance towards the development of a framework for implementing consolidated supervision of banks, banking groups, and financial conglomerates.

- In Kenya, the East AFRITAC provided support for implementing the framework for consolidated supervision of banks. The assistance resulted in a status report, prudential reporting requirements for banking groups, and draft memoranda of understanding between supervisory authorities.

Prudential Regulations

- In Tanzania, follow-up assistance was provided in August 2006 to draft core regulations on capital adequacy, licensing, management of risk assets, liquidity, prompt corrective action, credit concentration, and foreign exchange risk.

- In Kenya, draft regulations for Deposit-Taking Microfinance Institutions were completed, based partly on earlier assistance provided by East AFRITAC. These were presented to Central Bank of Kenya senior management and were exposed to stakeholders.



Other Initiatives

- In Uganda, assistance was also provided for the preparation of a Manual of Procedures for the conduct of on-site and off-site supervision of foreign exchange bureaus and money remittance businesses. This was further extended in terms of training on regional best practices for those supervising these entities.

- Another important outcome of East AFRITAC's action was the provision of assistance for evaluating the impact of International Financial Reporting Standards (IFRSs) on loan-loss-provisioning regulations. This resulted in supporting the move to adopt a harmonized approach for treating loan-loss provisioning in excess of the IFRSs requirement in Kenya, Tanzania, and Uganda.

Economic and Financial Statistics

During FY 2006–07, the East AFRITAC deployed several missions to member countries to provide support in the upgrading of national economic and financial statistics systems. Assistance was provided in the areas of National Accounts, Price Indices, Balance of Payments and Government Finance Statistics. Support was aimed at upgrading national systems to international standards, including the 1993 System of National Accounts (SNA 93).

National Accounts

The development of a national accounts compilation system, consistent with the SNA 93, has been the overarching goal of East AFRITAC capacity-building activities in this sector. All countries in the region are in the process of implementing SNA 93, albeit at different levels. In Ethiopia, Kenya, Tanzania, and Uganda, TA was delivered through peripatetic and short missions, and through on-the-job and hands-on training, in order to improve the quality of annual gross domestic product (GDP) statistics and to develop quarterly national accounts. In Eritrea and Rwanda, training was provided through in-house workshops tailored to the specific needs of these countries. Key outputs and outcomes included:

- In Eritrea, a mission was undertaken to build the capacity of twenty young recruits of the National Statistics Office and the Central Bank on economic statistics, with a focus on national accounts. A draft manual on sources and methods for the compilation of GDP by activity was prepared, including a list of weaknesses with recommended solution.
- In Ethiopia, a follow-up mission assisted in the compilation of a revised and simplified Supply and Use Table for FY 1999–00.
- In Kenya, two missions built capacity for the compilation of quarterly national accounts, starting with quarterly GDP accounts at constant prices. Agreements were reached with authorities to publish the constant price series from July 2007.
- In Rwanda, in-house training was undertaken for all staff involved in national accounting on the computer system in use, and concepts and procedures for the valuation of transactions.
- In Tanzania, on-and-off support was provided to improve the quality of national accounts statistics through benchmarking. Following on earlier assistance, new quarterly economic indicators surveys were put in place, and a computerized data compilation system was set up.

Price Indices

TA provided in the area of Consumer Price Index (CPI) produced tangible and intangible results. The tangible results were the publication of revised and rebased CPI series that better reflect the consumption patterns of countries. The intangible

“The International Economics Department under the Directorate of Economic Policy, Bank of Tanzania, is delighted to extend its appreciation for the support that the Balance of Payments Division received from the East AFRITAC. The Center provided two technical assistance missions, one in October 2005 and the other one in March 2007. The main objective of the support was to improve the quality of balance of payments statistics so as to enhance macroeconomic analysis. Balance of payments statistics are one of the core macroeconomic statistics that are required for formulating and assessing macroeconomic policies. Specifically, new balance of payments data sources were identified and developed, such as a questionnaire on shipping stores. Likewise, a new questionnaire for airlines was developed. The introduction of the new questionnaires has broadened the coverage and, accordingly, the quality of the balance of payments statistics. In addition, the technical assistance received reviewed the International Transaction Reporting System (ITRS) Guide that is used at commercial banks. The technical assistance provided a resource person in the workshop and his experience on the international implementation of the ITRS was very useful. It positively impacted on commercial bank officials as regards to the importance of the ITRS information in balance of payments compilation and national economic policy formulation at large. As for the staff capacity building, the in-house training that was conducted greatly improved the analytical skills of the Balance of Payments Division staff.”

—Mrs. Devotha Minzi, Head, Balance of Payments Division, Bank of Tanzania.



East AFRITAC provides technical assistance to strengthen the quality of trade statistics and price indices.

results were the confidence built among statisticians. In the area of Producer Price Indices (PPIs), first indices for manufacturing were published in Ethiopia, Rwanda, and Uganda. Two other beneficiaries, Malawi and Zanzibar, received initial assistance to undertake similar projects. Specific outcomes included:

- In Ethiopia, a follow-up mission rebased the CPI. A new basket of items was selected that increased the number of items from 175 to 215. In addition, a new weighting structure is being finalized and the compilation methodology will henceforth be fully documented. Regular pricing is now being conducted and all related field work will be funded by the government budget. In a related project, and as an outcome of previous years' assistance provided, a PPI was published.
- In Tanzania, a revised CPI series was published. This revision was necessary because of weaknesses in CPI data earlier identified through the Center's assistance.
- In Zanzibar, a revised CPI was officially released with support from the East AFRITAC. A list of outlets and new list of items was prepared and price collectors received training. Another result from the support was the finalization of a CPI methodology document and its provision to key users.

Balance of Payments

Support from the East AFRITAC aimed at reviewing current methodologies for compiling Balance of Payments (BOP) data in order to improve the quality of the external accounts. Central banks are being encouraged to set up their own data collection systems.

- In Malawi, a mission was undertaken focusing on the adoption of the new structure of the code list used for exchange control records, which is more in line with the Fifth Balance of Payments Manual (BPM 5). Staff of commercial banks was also trained on the purpose of the BOP, and data collection questionnaires were thoroughly reviewed.
- In Rwanda, a mission focused on improving the coverage of external aid data; the preparation of new survey questionnaires for non-governmental organizations, construction companies, and foreign direct investment companies; and the adoption of the new structure for the code list used for exchange control records, which is more in line with BPM 5.
- In Tanzania, a follow-up mission was undertaken to build further capacity to improve the quality of BOP data. Work on compilation guides was completed and training was provided to commercial banks' officers. The revised data series, to be published in 2007, are compiled using survey-based results collected by the Bank of Tanzania.

Attachment Program for Regional Staff

Recognizing the need to fast track capacity-building in East AFRITAC countries, the Steering Committee approved the inclusion in the work plan of a new mode for enhancing technical cooperation among countries, namely through the professional attachments of staff from one country to another. The first professional attachment was extended to the head of Bank of Eritrea's Supervision Department who spent a week on attachment to the Central Bank of Kenya's Financial Institutions Supervision Department. From the knowledge and experience gained from the attachment, the participant conducted a three-day workshop at home, attended by all banks in Eritrea for purposes of sharing best practices in managing risks related to credit, liquidity, interest rate, foreign exchange, and operations, and encouraging them to prepare their own comprehensive risk-management programs to cover such risks. The revenue sector identified two regional staff for attachment to the South African Revenue Service (SARS) for exposure in the area of risk-management methodologies and audit techniques. On

their return, the staff produced a general audit improvement guide for use in regional and in-country training workshops. A third attachment was organized for staff from the Inter-Governmental Fiscal Relations Unit in Rwanda to the South African Treasury.

Regional Workshops

In addition to providing TA on demand, the Center successfully deployed regional training workshops as a core capacity-building method. During FY 2006–07, the Center undertook several regional workshops, providing member countries with relevant and focused training in its areas of expertise. Examples are performance budgeting, risk management, taxpayer services and advance rulings regimes, banking supervision, and statistics. Generally, the workshops provided a platform for participants to exchange ideas on various topics, review best practice and how they can be employed in their own countries, and discuss ways to deal with the issues that are encountered. At the end of each workshop, participants were required to provide feedback and evaluate the workshop. Table 2 presents the workshops which took place during FY 2006–07.

Coordination with Development Partners

East AFRITAC's effectiveness in providing capacity-building support and TA depends on close interaction with other development partners and institutions. In this regard, the 2004 Independent Evaluation of the East and West AFRITACs recommended that AFRITACs: (i) cooperate with donors in coordinating TA in relevant fields; and (ii) intensify their cooperation with regional capacity-building institutions. This section highlights the main areas of East AFRITAC cooperation with donors and institutions during FY 2006–07.

During the financial year, all East AFRITAC staff maintained regular contacts with donor representatives before, during, and after their missions, and kept them informed of the timing, objectives and—where agreeable to authorities—the findings of their missions. The offices of the resident representatives in the respective East AFRITAC countries were particularly helpful and coordinated a number of donor

Table 2. East AFRITAC Regional Workshops, FY 2006–07

Workshop title	Collaborating institutions	No. of participants	No. of participating African countries	Participants' average rating (Scale of 1–5)
Introducing Performance Budgeting	ACBF	29	10	4.1
Designing and Implementing PFM Reform Programs	n/a	21	6	4.0
Taxpayer Service Programs and Rulings Regimes	n/a	34	6	4.1
Risk Management in Customs Administration	n/a	27	6	3.9
Intermediate Course in Bank Supervision	MEFMI	28	11	4.2
Receiverships and Liquidations of Financial Institutions	ACBF	25	12	4.2
Government Finance Statistics	n/a	28	11	4.5
Money and Finance Statistics	n/a	27	7	4.3
External Debt Statistics	n/a	22	7	4.1

Source: East AFRITAC.



Participants at a Revenue Workshop exchange views on projection techniques.

briefing or debriefing meetings. East AFRITAC staff also participated in the work of numerous joint donor groups that was of direct relevance to their work.

Efforts were also made to involve regional capacity-building institutions in East AFRITAC's work. The institutions concerned included the: United Nations Economic Commission for Africa (UNECA); East African Community (EAC); World Customs Organization's East and Southern Africa Regional Capacity Building Center (WCO-ESARCBC); Collaborative African Budget Reform Initiative (CABRI); Kenyan College of Accountancy (KCA); Macro-Economic and Financial Management Institute (MEFMI); Economic Policy Research Council (Uganda); Makerere University Business School (Uganda); Nkumba University (Uganda); Institute of Tax Administration (Tanzania); Kigali Institute of Science and Technology (Rwanda); and South African Revenue Service (SARS).

Public Financial Management

During the financial year, East AFRITAC advisors participated in a number of PFM reform strategy meetings to assist country authorities and development partners in formulating and sequencing PFM reforms. The assistance was provided through country visits to participate in PFM Reform strategy meetings co-convened by government and development partners. The advice given at the meetings was supplemented by regular exchange of e-mails with the PFM reform coordinators and development partner groups. The meetings also provided opportunities to coordinate East AFRITAC work plans with those of the governments and development partners.

Revenue Policy and Administration

Development partners are assisting the revenue agencies in the region with funding to fulfill their reform and modernization plans. In all missions conducted by the East AFRITAC advisor, a point was made to meet with development partner counterparts to discuss the status of the reform programs and especially to avoid duplication in assistance. In Tanzania, the advisor is a member of the multi-development partner mission that reviews performance of Tanzania Revenue Authority's tax modernization program twice a year. In Rwanda, the advisor participated in a Department for International Development (DFID, United Kingdom) undertaking that reviewed status of the reform and modernization program.

Financial Sector Regulation and Supervision

The East AFRITAC advisor provided support to other development partners in the region by acting as a resource person in workshops, namely: the East African Central Banking Course in Uganda; the Joint FSI/SADC Regional Seminar on Basel II and its Implementation in Africa; the KPMG/SIDA workshop on Risk Management in Banking in Tanzania; and the Joint FSI/Committee of Supervisors of West and Central Africa (BSWCA) Regional Seminar on Fundamentals of Risk Management with Special Focus on Risk-Based Supervision in Senegal.

Economic and Financial Statistics

The East AFRITAC advisor cooperated with other development partners in member countries, participating in joint missions and workshops and coordinating work with resident or peripatetic advisors. In Uganda, the work was coordinated with DFID advisors, in Rwanda with DFID and European Union programs. In Eritrea, close cooperation was sought with two resident advisors from Statistics Norway, and in Kenya, the work on national accounts was conducted in close cooperation with the World Bank and DFID. In Tanzania, an informal "Statistics Group," composed of key stakeholders in the sector, met regularly to exchange information on statistical activities and follow up on ways to develop a National Statistics Master Plan.

3

Section

Overview of FY 2007–08 Work Plan

The proposed FY 2007–08 work plan will continue to focus on a number of key reform activities being carried out in the East AFRITAC countries. It also draws on the priorities specified in the country's poverty reduction strategy papers for achieving the Millennium Development Goals.

The work plan for FY 2007–08 includes the delivery of 121 capacity-building activities (Table 3) in the seven member countries and the conduct of 11 regional workshops, of which four will be joint activities with the African Capacity Building Foundation (ACBF). Delivering this level of assistance will require 338 person-weeks of resources from the East AFRITAC, including the resident advisors' own time and 119 person-weeks of short-term technical expert time. Resources from IMF headquarters will complement the assistance to East AFRITAC countries. The volume of TA to East AFRITAC countries will also benefit from the start of the second phase of DFID's General Data Dissemination System (GDDS) project.

In the fiscal sector, activities will be aimed at modernizing revenue administration and supporting a number of on-going PFM reforms, which include assistance to establish improved linkages between policies and available resources and support in the areas of intergovernmental fiscal affairs; cash management; commitment control and accounting systems; general government reporting and IFMIS; and regulatory reforms.



Visit of the IMF's Deputy Managing Director to East AFRITAC at the end of the fiscal year, accompanied by the Director and the Deputy Director of the IMF's African Department. The East AFRITAC advisor group is complemented by the outgoing and incoming East AFRITAC center coordinators and the visiting coordinator of the West AFRITAC.

“The Development Partners’ Public Finance Management Working Group (PFM WG) greatly valued the increased involvement of the IMF East AFRITAC in its activities. On issues such as external audit and cash management in particular, the East AFRITAC provided the necessary technical expertise to strengthen the group’s dialogue with the Government on these matters. The PFM WG is looking forward to further involvement of the East AFRITAC in its activities over FY 2007–08.”

—Jonathan Wolsey,
Programme Officer, Economic Affairs,
European Union Delegation in
Tanzania.

In the financial sector, the major themes for next year’s Bank Supervision work plan are to: (a) review the implementation of a risk-based approach to supervision in member countries in order to address gaps and weaknesses; (b) achieve some degree of harmonization in ongoing supervisory practices and in the regulatory framework for supervision by benchmarking success stories; (c) address specific issues relating to supervision of nonbank financial institutions; and (d) conduct focused training on financial analysis, compilation of financial soundness indicators, and the evaluation of AML/CFT risks.

Activities in the monetary operations area will focus on assisting with the design and implementation of monetary policy and the progressive adoption of market-based instruments. The work plan focuses on the management of liquidity flows, the development and improvement of domestic debt and money markets, and support for the on-going reforms in national payments systems.

In the statistics area, the aim is to improve the quality of the major macroeconomic statistics. In three countries work will continue on the compilation of quarterly national accounts. There is also a desire to improve data consistency among all agencies. Capacity will be built through the conduct of joint missions with PFM advisors and the conduct of sensitization workshops. The volume of TA will increase with the start of the second phase of DFID’s GDDS project. Other capacity-building activities include two regional workshops organized jointly with the Bank Supervision advisor. One of these will be the first in a new area: “Indicators of Financial Soundness.”

Where requests have been made in areas known to be covered by other development partners, consultations will be held with officials and development partners to determine where East AFRITAC’s assistance provide value added and where it has a particular comparative advantage in TA delivery. A set of regional seminars has been agreed with counterparts, and is listed in Table 3.

Table 3. East AFRITAC Planned Activities, FY 2007–08

	PFM	Revenue Policy and Administration	Banking Supervision	Statistics	Monetary Operations
IN-COUNTRY SUPPORT					
Eritrea	TA to review PFM strategies.	Workshop to strengthen audit program and LTO.	TA to review risk- management programs.	Follow-up workshop on national accounts compilation. Balance of Payments mission.	TA to design and implement monetary policy using market-based instruments; develop money markets, and payments systems.
Ethiopia	Capacity-building initiatives in program budgeting, cash management, and regulatory framework.	TA to improve business processes; strengthen the head office function and field delivery offices; strengthen management of the large and medium taxpayer offices; establish a customs post clearance audit function. Workshop to self-assess risk management in customs administration.	Two-week professional attachment by two senior bank supervisors, and TA to guide conducting actual risk-based inspection of banks on a pilot basis.	TA to compile a Supply and Use Table for national accounts, rebase the CPI, compile external debt data and improve the coverage of data on the general government sector. Shared with DFID/ GDDS project.	
Kenya	TA to finalize the Public Finance Act and financial regulations. Diagnostic missions on commitment control and budget classification. Workshops on fiscal reporting, cash planning, and implementation of legislation and regulations.	TA to modernize customs operations, including developing a vision, reviewing organizational structure, self-assessment and risk management, and audit techniques and strategies; strengthen the LTO; guide acquisition of ITAS; enhance capacity of revenue intelligence functions.	TA to set the next stage in risk-based supervision, updating Basel I framework and conducting Basel II survey; follow through on implementation of consolidated supervision framework.	Further work on compilation of quarterly national accounts; TA to promote PPI in the construction sector.	Debt management TA, including legal and regulatory framework, and operational support systems. TA to modernize national payments system and development of an appropriate oversight function.
Malawi	Review missions in budget reform, internal audit, PFM regulatory framework, and intergovernmental fiscal relations.	TA to implement the reform and modernization program, including tax administration modernization strategy; implement termination of pre-shipment inspection; develop strategy for customs modernization; and business process review and modeling.	TA to implement risk-based supervision including reviewing risk-management programs of banks; preparing a technical paper on risk-based supervision methodology; and guide on on-site inspections.	TA to develop a PPI. Workshop to sensitize senior officials on GFS 2001 concepts and classification structure.	Diagnostic mission to define forward TA.
Rwanda	Workshops on legislative framework and financial regulations. Reviews of cash management, budget classification, and other PFM reforms.	Support for operational policy development. TA to strengthen tax and customs administration.	TA towards quality check on the implementation of risk-based supervision and off-site surveillance; development of a framework for consolidated supervision; and development of a regulatory framework for nonbank financial institutions.	On the job training by resident advisor with assistance from IMF headquarters. Workshop on national accounts. TA towards national accounts and rebasing of PPI, and balance of payments and monetary statistics.	TA towards management of liquidity flows; assessment of the appropriateness of required reserves on foreign currency deposits; the feasibility of issuing medium- and long-term treasury bills and government bonds; a legal basis for the national payments system; and putting in place a suitable oversight facility.

Table 3 (concluded). East AFRITAC Planned Activities, FY 2007–08

	PFM	Revenue Administration	Banking Supervision	Statistics	Monetary Operations
Tanzania	TA to review intergovernmental fiscal relations; review of organizational structure of MOFD; classification system; support for reform strategies. Capacity building for cash flow planning; and review of status of cash management in Zanzibar.	TA to sector-wide approach through strategic advice on risk-management program for customs administration, and integration of customs operations.	TA focused on implementation of consolidated supervision framework for banks, banking groups, and financial conglomerates; review of the Bank Supervision Information System and further enhancements in off-site surveillance; preparation of a Problem Bank Resolution Manual; and finalizing the Risk-Based Supervision Manual.	TA to develop quarterly national accounts. Follow up on PPI work in Zanzibar.	TA to liquidity forecasting, the development of secondary markets, and the development of efficient securities settlement process.
Uganda	TA to design and implement cash management and government banking reforms. A review mission on payment of taxes and duties and development of strategy to prevent arrears. TA to manage PFM reform.	TA to strengthen LTO; improve management of medium and small taxpayers; acquisition of an integrated tax administration system; and consolidation of customs investigation and intelligence function.	Workshop on leasing; drafting of additional prudential regulations on mortgage banking, electronic banking facilities and market risks; and follow-up on the implementation of consolidated supervision framework.	Assistance towards development of quarterly national accounts; expansion of the PPI; improvement in the coverage of government finance statistics; development of a data base for monetary statistics at the central bank; and alignment of quarterly GDP series to annual revised GDP series.	
OTHER SUPPORT					
Regional Workshops	Joint World Bank/East AFRITAC Workshop on Cash Management: Roles, Responsibilities and Risk Mitigation; joint ACBF/East AFRITAC and East AFRITAC/IMF workshops on Second Generation Treasury Reforms; joint ACBF/East AFRITAC workshop on Budget Process Reforms.	Joint IMF/East AFRITAC course on revenue forecasting; East AFRITAC workshop on VAT design and management and post importation audit techniques and management.	Joint ACBF/MEFMI/East AFRITAC workshops on Supervision of Banking Institutions: Intermediate Level, and Assessment of AML/CFT Risks in Financial Institutions.	Joint workshop with IMF on Financial Soundness Indicators. Regional workshop on Rebasing and Benchmarking National Accounts.	Joint IMF/East AFRITAC workshop on Foreign Exchange Market Development and Intervention Policies. Joint IMF/East AFRITAC Workshop on Modernization of Payments and Settlement Infrastructure: National Initiatives, and Regional Harmonization. East AFRITAC Seminar on Central Bank Policy Communication.
Professional Attachments	Study visits for Ministry of Finance staff on program budgeting.	Senior tax officials from Kenya Revenue Authority and Rwanda Revenue Authority seconded on refunds management procedures.	Two senior supervision officers from National Bank of Ethiopia seconded on implementation process for risk based supervision.		

Source: East AFRITAC.

4

Section

East AFRITAC Profile

Our Organization

The East Africa Regional Technical Assistance Centre (East AFRITAC) works with countries and development partners to build local capacities for economic and financial management within the Millennium Development Goals (MDGs) and Poverty Reduction Strategy Paper (PRSP) frameworks. Consistent with broader IMF technical assistance (TA) strategy to foster institutional capacity for macroeconomic policy formulation and implementation, the Center assists in the execution and monitoring of on-going TA, provides capacity building to member countries, and facilitates donor coordination to enhance these objectives.

The East AFRITAC was established as part of the International Monetary Fund's (IMF) Africa Capacity-Building Initiative. This Initiative was a response to calls by African leaders, including through the New Partnership for Africa's Development (NEPAD), to increase TA to Africa and focus it more sharply on capacity building. The Initiative's strategic goal is to strengthen the capacity of African countries to design and implement their MDGs and poverty-reducing strategies, as well as to contribute to strengthening the coordination of capacity-building TA. As part of this effort, the East AFRITAC cooperates with the African Capacity Building Foundation (ACBF). The East AFRITAC, which was the first of the existing three IMF regional TA centers in sub-Saharan Africa, is based in Dar es Salaam, Tanzania, and supports seven countries in East Africa.



"Family photo" on the occasion of the visit of the IMF's Deputy Managing Director, Mr. Portugal, to the East AFRITAC.



“Family photo” of the East AFRITAC Steering Committee meeting held in April 2007 in Kampala, Uganda.

Our Clients

The East AFRITAC serves Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda. It provides support to government institutions operating in its key areas of expertise, such as ministries of finance, revenue authorities, central banks, and statistics offices.

Our Development Partners

The Center is funded through grant contributions from:

- the government of Tanzania, which finances the Center’s office facilities and local staff;
- the government of Kenya, which provides facilities for some of the Center’s training activities;
- the African Development Bank; and governments of Canada, People’s Republic of China, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg, The Netherlands, Norway, the Russian Federation, Sweden, Switzerland, and the United Kingdom; and
- the International Monetary Fund.

Our Vision

The Center’s operations are aimed at the development of robust national and regional institutions of macroeconomic management. To this purpose, the governance structure of the Center is designed to foster ownership and accountability in both the beneficiary countries and donor agencies. The operations of the East AFRITAC are thus guided by a Steering Committee, consisting of representatives from the seven member countries, the African Development Bank, three donors representing all bilateral donors, and the IMF.

The East AFRITAC has developed a model of TA delivery which supports this vision. The following are the core tenets of the Center’s model of TA delivery:

- A demand-driven approach with member countries identifying areas for capacity building.
- Prompt response to the needs of member countries.

- Development and deployment of local counterpart teams which contribute significantly to country ownership and the sustainability of the reform effort.
- Effective backstopping, with inputs from IMF Headquarters, ensuring the relevance and quality of assistance provided.
- Use of advisors, both permanent and short-term, with international and regional experience.
- Use of regional staff attachment programs and collaboration with other regional capacity-building institutions.
- Close liaison with development partners in the formulation and delivery of TA.
- A results-based management framework anchored in an annual planning, implementation, and monitoring cycle, complemented by periodic independent evaluations.

Our Activity Areas

The East AFRITAC provides capacity-building services in the IMF's core areas of responsibility on a grant basis. These are macroeconomic policy, public financial management, revenue policy and administration, financial sector regulation and supervision, monetary policy and operations, and economic and financial statistics.

Our Staff

The Center is managed by a coordinator and comprises six resident advisors who offer technical advice to member countries.

Center Coordinator: Mr. Mario de Zamaróczy

For the past 20 years, Mr. de Zamaróczy has worked in various IMF Departments. He worked as an economist in the African, European, and Asia-Pacific Departments, where he was in charge of West-African, European, Trans-Caucasian, and South-East-Asian countries. He worked at the IMF Institute where he taught Financial Programming. He re-opened the IMF's resident representative office in the Kingdom of Cambodia and stayed there as the resident representative. He worked as an advisor for several years in the Office of Technical Assistance Management, in the Office of the Managing Director, where he was overseeing TA policy issues, as well as the IMF's six regional TA centers world-wide. Before taking up his current position, he was in charge of that Office. Prior to joining the IMF, Mr. de Zamaróczy had worked in his national government on multilateral development issues. E-Mail: mdezamaroczy@imf.org.



Public Financial Management Advisor: Mr. Vijay Ramachandran

Mr. Ramachandran has worked as resident public financial management advisor for the IMF for over 8 years in Armenia, Lithuania, and Russia. During this period, he also participated in a number of IMF TA and ROSC missions to former Soviet Union and Middle Eastern countries, as well as Sudan and Indonesia. Mr. Ramachandran had earlier worked as a civil servant for 23 years with the Government of India in the Auditor General's Office, in the Ministry of Finance, and as the head of the accounting organization in a number of ministries/departments, including Agriculture, Industry, Interior, and Revenue. He was responsible for implementing reforms in the areas of government banking, cash management, budget execution, financial management information systems, and accounting and internal audit. Mr. Ramachandran has organized, and participated as a resource person, in international and regional workshops, seminars, and conferences. E-Mail: vramachandran@imf.org.





Public Financial Management Advisor: Ms. Florence Kuteesa

Ms. Kuteesa is an economist and a public expenditure management specialist (budgeting) with 25 years of experience in development planning, public sector budgeting, and policy analysis and formulation. Prior to joining the East AFRITAC, Ms. Kuteesa was a Senior Manager at PriceWaterhouseCooper (Kenya) where she worked on various public expenditure management-related assignments. She also served (2001–04) as the Director of Budget in the Government of Uganda, and was instrumental in the successful implementation of a number of public expenditure management reforms. She is a founding member of the Collaborative African Budget Reform Initiative (CABRI). E-Mail: fkuteesa@imf.org.



Revenue Policy and Administration Advisor: Mr. Andrew Okello

Mr. Okello has over 16 years experience in revenue policy and administration in Kenya. Until his appointment to the East AFRITAC, Mr. Okello was the Commissioner in-charge of the Domestic Taxes Department at the Kenya Revenue Authority. He also worked on a number of IMF assignments in Africa and the Middle East, and as a resource person in a number of IMF/East AFRITAC workshops. E-Mail: aokello@imf.org.



Banking Supervision Advisor: Ms. Carmencita Santos

Ms. Santos, a bank supervisor from the Philippines, has been rendering IMF technical assistance in bank supervision since mid-1990's in the Caribbean and Africa, before joining the Center in July 2004. She has an excellent track record in capacity building (for both technical and soft skills) and in discovering existing capacity among her counterparts. She has been active as a resource person in regional supervision workshops, seminars and conferences, then in South-East Asia and the Caribbean and now in Africa. E-Mail: csantos@imf.org.



Monetary Policy and Operations Advisor: Mr. Wilson Varghese

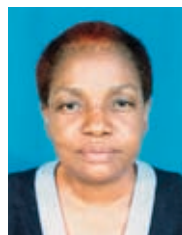
Mr. Varghese has extensive experience in monetary policy formulation and implementation, as well as reserve management, having worked for about 10 years at the Bank of Botswana, initially as its Deputy Director of Research and later as the Director of its International Department. On joining the IMF in 1998, Mr. Varghese was assigned as the Research and Policy Advisor to the Central Bank of Liberia. Prior to moving to the East AFRITAC, he was a Technical Assistance Advisor in the Monetary and Capital Markets Department of the IMF, where he was also a Mission Chief for Eritrea, Namibia, and Timor-Leste. E-Mail: wvarghese@imf.org.



Multi-Sector Statistics Advisor: Mrs. Devi Manraj

Mrs. Manraj held the position of Deputy Director of the Central Statistics Office of Mauritius before joining the Center in November 2002. Her main area of expertise is national accounts and prices. Through her continuous guidance and support, confidence has been built and knowledge transferred to enable member countries to adapt, to the extent possible, international recommendations and best practices. E-Mail: dmanraj@imf.org

The East AFRITAC is ably assisted by its local support staff (from left to right): Mmes. and Mr. Alice Masimba, Edina Moshi, Edson Mdakilwa, Blassia Mkapa, and Stamil Togwa.



Annex 1.

List of East AFRITAC Missions, FY 2006–07

Eritrea

	Sector	Mission Objective	Mission Dates
1	Financial sector regulation and supervision	Review and finalize risk-management guidelines for banks in Eritrea	June 14–20, 2006
2	Financial sector regulation and supervision	Organize professional attachment of Bank of Eritrea official to the Central Bank of Kenya	December 4–8, 2006
3	Economic and financial statistics	Organize in-house training on macroeconomic statistics with emphasis on national accounts	September 11–26, 2006

Ethiopia

	Sector	Mission Objective	Mission Dates
1	Public financial management	Assist authorities to prepare detailed program budgets for pilot ministries	April 17–May 13, 2006
2	Public financial management	Draft a concept paper and strategic framework for introducing program/performance budgeting	November 20–December 1, 2006
3	Public financial management	Conduct diagnostic mission for Phase II treasury reforms	November 28–December 8, 2006
4	Public financial management	Facilitate workshops for ministry officials in preparation for program budget estimates	January 17–February 9, 2007
5	Revenue policy and administration	Review implementation of IMF/East AFRITAC recommendations and discuss TA needs	February 15–16, 2007
6	Financial sector regulation and supervision	Introduce a risk-based approach to bank supervision	August 3–9, 2006
7	Financial sector regulation and supervision	Review a technical paper for implementing risk-based supervision and integrate it into a comprehensive Risk-Based Supervision Manual	February 26–March 9, 2007
8	Economic and financial statistics	Assist with the preparation of a Supply and Use Table and improve the quality of national accounts	November 20–December 1, 2006
9	Economic and financial statistics	Assist with the preparation of a revised CPI series with base period December 2006	March 26–April 6, 2007

Kenya

	Sector	Mission Objective	Mission Dates
1	Public financial management	Assist with the drafting of the Organic Budget Law (Public Finance Administration Bill)	October 2–17, 2006
2	Public financial management	Facilitate visit on Government Banking Arrangements for officials from Rwanda	July 17–18, 2006
3	Public financial management	Conduct diagnostic mission on strengthening the budget and reporting system	August 2–15, 2006
4	Public financial management	Review of Government Banking and Cash Management Arrangement	September 18–21, 2006
5	Public financial management	Facilitate a course on PFM reforms in developing countries	September 22, 2006
6	Public financial management	Facilitate consultations and consensus building on the draft Organic Budget Law (Public Finance Administration Bill)	November 20–December 1, 2006

Kenya (concluded)

	Sector	Mission Objective	Mission Dates
7	Public financial management	Assist authorities to develop comprehensive public financial regulations and procedures governing public finance	January 31–February 7, 2007
8	Public financial management	Conduct mission for TA needs assessment and finalization of East AFRITAC work plan for Kenya for FY 2007–08	February 26, 2007
9	Revenue policy and administration	Assist Kenya Revenue Authority in strengthening domestic tax administration by reinforcing the concepts of integration and taxpayer segmentation	June 14–July 12, 2006 & January 29–February 23, 2007
10	Revenue policy and administration	Review progress in implementing tax and customs administration reforms	June 19–22, 2006
11	Revenue policy and administration	Discuss the request for TA by the Ministry of Finance on the implementation of turnover and capital gains taxes	October 16, 2006
12	Revenue policy and administration	Review and design an appropriate regime for taxation of small and micro business	March 12–23, 2007
13	Financial sector regulation and supervision	Assist the Central Bank of Kenya (CBK) in reviewing the risk-management programs submitted by banks	July 24–August 4, 2006
14	Financial sector regulation and supervision	Assist the Central Bank of Kenya (CBK) in preparing a comprehensive Risk-Based Supervision Manual from pre-inspection planning to report writing	November 27–Dec 11, 2006
15	Financial sector regulation and supervision	Conduct follow-up mission on the implementation of consolidated supervision of banks and financial groups in Kenya	March 19–23, 2007
16	Economic and financial statistics	Assist with the development of a methodology to start the compilation of quarterly GDP at constant prices	November 30–December 6, 2006
17	Economic and financial statistics	Conduct follow-up mission prior to the first release of quarterly estimates of GDP for 2001 to 2007	April 23–27, 2007

Malawi

	Sector	Mission Objective	Mission Dates
1	Public financial management	Provide assessment of Integrated Financial Management Information System Implementation	October 2–14, 2006
2	Public financial management	Provide assessment of TA and capacity-building needs as an initial step of integrating Malawi into the EAST AFRITAC	October 17–24, 2006
3	Public financial management	Provide technical advice to formulation of a uniform budget classification and chart of accounts	December 11–15, 2006
4	Public financial management	Provide technical support to the implementation of a cash-flow planning system	January 22–February 2, 2007
5	Public financial management	Provide technical advice to strengthening cash management, and needs assessment (FY2007–08)	February 1–2, 2007
6	Public financial management	Conduct a diagnostic mission on improving budget preparation–IMF mission with East AFRITAC participation	February 21–March 9, 2007
7	Revenue policy and administration	Firm up TA and capacity-building needs assessment as an initial step of integrating Malawi into the EAST AFRITAC	October 17–24, 2006
8	Revenue policy and administration	Assist the authorities to prepare and implement an exit strategy for pre-shipment inspection for customs administration	February 22–March 8, 2007
9	Financial sector regulation and supervision	Conduct needs assessment mission at the two Supervision Departments (Banks and Non-Banks) of the Reserve Bank of Malawi	October 16–23, 2006

Malawi (concluded)

	Sector	Mission Objective	Mission Dates
10	Financial sector regulation and supervision	Introduce the concept of methodology for risk-based approach to supervision of banks in Malawi	January 12–19, 2007
11	Financial sector regulation and supervision	Review and finalize a comprehensive set of Risk-Management Guidelines for issuance to all banks	March 15–20, 2007
12	Economic and financial statistics	Conduct joint IMF/PFM mission to advise on use of GFSM 2001 economic and functional classification codes	December 11–14, 2006
13	Economic and financial statistics	Assist with the development of an appropriate methodology to start compilation of monthly Producer Price Indices	December 17–21, 2006

Rwanda

	Sector	Mission Objective	Mission Dates
1	Public financial management	Assist to build capacity for management of intergovernmental fiscal relations in the Ministry of Finance	May 27–June 10, 2006
2	Public financial management	Provide technical advice to establish a Single Treasury Account, promote accounting reforms, as well as a capacity needs assessment	January 23–31, 2007
3	Public financial management	Assess fiscal reporting-issues with zero balance accounts and firm up East AFRITAC work program for FY 2007–08	March 26–28, 2007
4	Revenue policy and administration	Review progress made in implementing the DFID-financed Rwanda Revenue Authority modernization project	July 16–27, 2006
5	Revenue policy and administration	Follow up on progress made in developing the operational policy function by Rwanda Revenue Authority	June 19–30, 2006
6	Financial sector regulation and supervision	Review Banque Nationale du Rwanda's (BNR) progress in implementing risk-based supervision and conduct training on the new methodology	June 5–12, 2006
7	Financial sector regulation and supervision	Improve off-site supervision of BNR and prepare an Off-Site Supervision Manual	September 25–Oct 6, 2006
8	Economic and financial statistics	Conduct a joint East AFRITAC/DFID workshop to train new recruits on national accounts concepts	July 17–28, 2006
9	Economic and financial statistics	Improve the quality of the Balance of Payments and the International Investment Position statistics	September 27–October 10, 2006

Tanzania

	Sector	Mission Objective	Mission Dates
1	Public financial management	Review cash management practices in Zanzibar	July 3–24, 2006
2	Public financial management	Assist implementation of a cash-flow planning system	March 19–31, 2007
3	Revenue policy and administration	Develop a modernization plan for the Zanzibar Revenue Board	June 16–July 5, 2006
4	Revenue policy and administration	Review progress in implementing the Tax Modernization Program	June 26–29, 2006
5	Revenue policy and administration	Assist the Zanzibar Revenue Board in planning for the establishment of a large taxpayer office	August 7–18, 2006
6	Revenue policy and administration	Review the status of customs reforms and propose an update of the modernization strategy	October 9–20, 2006
7	Revenue policy and administration	Assist the Zanzibar authorities by reviewing the policy and management of tourism taxation	February 5–16, 2007

Tanzania (concluded)

	Sector	Mission Objective	Mission Dates
8	Financial sector regulation and supervision	Assist in conducting preliminary risk assessment of banks through guided on-site inspection	July 3–14, 2006
9	Financial sector regulation and supervision	Draft a core set of prudential regulations to implement the new Banking and Financial Institutions Act of Tanzania	August 28–Sept 15, 2006
10	Financial sector regulation and supervision	Provide a resource person for in-house training on risk-based supervision	December 13–15, 2006
11	Financial sector regulation and supervision	Provide a resource person for in-house training on off-site supervision	February 14–19, 2007
12	Economic and financial statistics	Assist the authorities in improving the quality of the Balance of Payments (BOP) and International Investment Position (IIP) data	March 5–16, 2007
13	Economic and financial statistics	Assist with the preparation of a revised CPI series with base period December 2005	June 26–30, 2006
14	Economic and financial statistics	Assist with the development of an appropriate methodology for the construction of a monthly PPI	February 5–9, 2007

Uganda

	Sector	Mission Objective	Mission Dates
1	Revenue policy and administration	Assist authorities in development of a risk-management program	January 9–30, 2007
2	Revenue policy and administration	Assist the Uganda Revenue Authority for business process improvement and acquisition of a new information technology system for tax administration	September 18–29, 2006
3	Revenue policy and administration	Assist the authorities in strengthening domestic tax administration	October 4–31, 2006
4	Financial sector regulation and supervision	Assist Bank of Uganda in evaluating the impact of International Financial Reporting Standards on the regulatory loan-loss provisioning and to recommend regulatory response to it	July 12–25, 2006
5	Financial sector regulation and supervision	Assess the current legal and regulatory framework for supervising foreign exchange bureaus and money remittance services	September 20–27, 2006
6	Financial sector regulation and supervision	Provide a framework for consolidated supervision of banking groups and financial conglomerates	February 26–Mar 9, 2007
7	Economic and financial statistics	Assist with the setting up of a computerized system for the compilation of quarterly GDP estimates	July 31–August 7, 2006

Other

	Sector	Agency	Mission Objective	Mission Dates
1	Revenue policy and administration	East African Community	Develop a regional risk-management program framework and curriculum in line with modern customs administration practices	October 4–24, 2006
2	Financial sector regulation and supervision	East African Central Banks Association	Provide a resource person to the East African Central Banking Course held in Uganda	July 6–8, 2006
3	Financial sector regulation and supervision	IMF	Participate in the IMF Conference on “Africa and the Road to Basel II” held in Kenya	November 21–22, 2006

Source: East AFRITAC.



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